

**KB****Policy of Komerční banka, a.s. in anti-money laundering, know your customer, fight against terrorism and related areas**

I. Basic information on Komerční banka, a.s.

Identification number: 45317054

Registered seat (real physical premises within licensed jurisdiction): Na Příkopě 33/959, 114 07 Prague, Czech Republic

Legal form: joint stock company

Record on incorporation: Commercial Register with the Municipal Court in Prague, Section B, File No. 1360, date: 5th March 5th, 1992

Banking license: issued by Czech National Bank, No.:2003/3349/520 from July 28, 2003

Regulatory body: Czech National Bank (www.cnb.cz/en/)

Number of employees: 7.763

Number of branches: 241

Principal line of business: Full scale of corporate, retail and investment banking, financial leasing and brokerage, supporting banking services for financial institutions that are controlled by the Bank Web link: www.kb.cz/en/

External auditor: Deloitte Audit s.r.o. (www2.deloitte.com/global/en.html?icid=site_selector_global)

Subsidiaries:

- Komerční banka, a.s., pobočka zahraničnej banky na Slovensku (kb.sk/en/index.shtml)
- Factoring KB, a.s. (www.factoringkb.cz/en)
- SG Equipment Finance Czech Republic s.r.o. (equipmentfinance.societegenerale.cz/cz/)
- Modrá pyramida stavební spořitelna, a.s. (www.modrapyramida.cz/)
- KB Penzijní společnost, a.s. (www.kbps.cz/eng/)
- ESSOX s.r.o. (www.essox.cz/)
- Komerční pojišťovna, a.s. (www.kbpojistovna.cz/en)
- Protos, uzavřený investiční fond, a.s.
- KB Real Estate s.r.o.
- VN 42, s.r.o.
- Bastion European Investments S.A.
- Worldline Czech Republic s.r.o.NP 33, s.r.o.
- Czech Banking Credit Bureau, a.s.
- STD2, s.r.o.
- KB SmartSolutions, s.r.o.

Shareholders:

- Société Générale S.A. : 60,35%
- Actual information about shareholders is available on the KB's website: <https://www.kb.cz/en/about-the-bank/everything-about-kb/obligatory-published-information>

Note: Komerční banka shares are publicly traded on exchange markets in the Czech Republic managed by the market organisers Burza cenných papírů Praha, a.s. (the Prague Stock Exchange) and RM-SYSTÉM, česká burza cenných papírů, a.s. (the Czech Stock Exchange).

II. Legal framework

The main principles of anti-money laundering and combating the financing of terrorism issues are based on the Act No. 253/2008 Coll., on Selected Measures against Legitimation of Proceeds of Crime and Financing of Terrorism (for more details please see <https://www.cnb.cz/en/supervision-financial-market/legislation/money-laundering/laws-and-regulations/>).

The rules for implementation of anti-money laundering and combating the financing of terrorism policy and know your customer policy for banks are specified further by the Decree No. 67/2018 Coll., on Certain Requirements for the System of Internal Principles, Procedures and Control Measures against the Legitimation of the Proceeds of Crime and Financing of Terrorism (for more details please see <https://www.cnb.cz/en/supervision-financial-market/legislation/money-laundering/laws-and-regulations/>).

Komerční banka, a. s., se sídlem:

Praha 1, Na Příkopě 33 čp. 969, PSČ 114 07, IČO: 45317054

ZAPSANÁ V OBCHODNÍM REJSTŘÍKU VEDENÉM MĚSTSKÝM SOUDEM V PRAZE, ODDÍL B, VLOŽKA 1360

Registration of beneficial owners and new requirements concerning the registration of beneficial owners of legal entities and legal arrangements under the V. AML Directive are transposed into the Act No. 37/2021 Coll., on the Registration of Beneficial Owners (for more details please see <https://www.financnianalytickyurad.cz/en/international-and-legal-agenda/national-legislation.html>).

Obligations of natural and legal persons while implementing international sanctions for the purpose of maintaining or restoring international peace and security, protection of fundamental human rights and fight against terrorism are based on Act No 69/2006 Coll., on Implementation of International Sanctions (for more details please see <https://www.financnianalytickyurad.cz/en/international-and-legal-agenda/national-legislation.html>).

The above mentioned documents order banks to

- implement own anti-money laundering system, combating the financing of terrorism system and know-your-customer policy,
- identify clients, incl. updating of the client's identification (not to open or maintain anonymous accounts or conduct business with shell banks),
- realize controls of the clients according to risk rating, provide periodic review and set trigger events scenarios,
- report any suspicious transactions (not only limited to specified transactions by Act No. 253/2008 Coll.) to the respective authorities,
- request and store specified information concerning transactions up to 10 years,
- review customers and their transactions for possible terrorist connections.
- introduce training programs for all employees in KB regarding topics AML, KYC, CFT, S/E

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III. Internal rules of Komerční banka, a.s.

Responsibility for managing the prevention of anti-money laundering and combating the financing of terrorism risk lies not only with the KB Compliance department as the central unit for directing compliance, but it is also the duty of all managers and employees to whom the relevant rules and procedures apply. All employees, managers and Board members are trained in all relevant topics AML, KYC, CFT, S/E and Code of Conduct.

Komerční banka, a.s. has implemented complex measures, specified in internal documents Directive No. 16 “Basic Principles of System against Legalisation of Proceeds from Criminal Activity” and other relevant internal rules that fully comply with the above mentioned Act and the Decree of the Czech National Bank. The standards defined in this Directive are the minimum requirements set out by the SG Group in order to comply with regulatory requirements regarding (i) the fight against money laundering and combating the financing of terrorism (AML/CFT) and (ii) international sanctions. Last update of the Directive was implemented in January 2022.

Internal rules:

- define basic principles and detail working procedures in daily implementation of anti-money laundering, combating the financing of terrorism and know-your-customer policy,
- set up procedures for Due diligence applicable to customers, including information about collection of necessary documents. Documents and information are different for different risky category of the client. Komerční banka has 4 category (low risk, med-low risk, med-high risk and high risk category),
For Individuals KB request as minimum but not limited: Full name; Date of birth; Place of birth; Identification number; Nationality (ies); Identity document fulfilling the following requirements; the type of document, dates and place of issuance; name and capacity of the authority or the person who issued the document and, if appropriate, has authenticated it; Residential address). For professionals is requested information about business and financial situation. Legal entity have to declare Legal name, registered address, legal form, identification number regulated status, ownership structure, Ultimate beneficiary owner (10% for High risk clients) up to 25%, Corporate purpose, type of business, revenue,
- define standards for set up of local FCCR,
- define the use of on-line technical facilities for monitoring of transactions and reporting suspicious deals, using automatic alerts, AMLO alerts and external alerts,
- process for screening messages and database; require the check and screening process against PEP, Sanction and embargo, negative news, internal black list. Screening is provided during on boarding process, than during periodic control (weekly, monthly, quarterly) in the internal databases,
- cover process for relationship with politically exposed persons and close person, government ownership,
- procedure for termination of business relationship,
- specify procedures and check-up to prevent and detect the risk of money laundering and financing of terrorism,
- implement procedures for identification and disclosure of a suspicious transactions,
- review customers for possible terrorist connections,
- impose the key responsibility for implementation of the policy in the Bank on Compliance Unit and its Head with direct reporting to the Board, stipulate tasks, activities and responsibility of each involved bank's Unit towards the policy, embody the best experience of Société Générale Group in this field,
- order to organize structured training courses for officers being in contact with customers or their transactions about principles of anti-money laundering and combating the financing of terrorism and the detection of such illegal activities at least once within twelve months,
- prohibit offering any anonymous account or maintaining business relationship with a shell bank, unlicensed bank.

None violation of principles against anti-money laundering, legitimisation of the proceeds of crime and financing of terrorism and know your customer policy has been detected by the regulator or involved institutions.

IV. Foreign Account Tax Compliance Act (FATCA)

Komerční banka is registered with FATCA status Reporting Model 1 FFI, GIIN QQA6ZW.00091.ME.2003. In this context, the Bank is obliged to identify and report bank products held by U.S. persons in particular.